

A Middlesex Water Company Affiliate

May 19, 2017

Via DelaFile Submission

Ms. Donna Nickerson Secretary Public Service Commission of Delaware 861 Silver Lake Boulevard Cannon Building, Suite 100 Dover, DE 19904

Re:

In the Matter of the Application of Tidewater Utilities, Inc. for

the Approval of the Semi-Annual Adjustment to the

Distribution System Improvement Charge (DSIC) Pursuant

to 26 Del. C. § 314 (b) (5)

Dear Ms. Nickerson:

Tidewater Utilities, Inc. has submitted an application for an adjustment to the Distribution System Improvement Charge pursuant to 26 Del.C. § 314 (b) (5) through the Delafile electronic system. A payment in the amount of \$100 to satisfy the required filing fee was also submitted through the DelaFile system.

If you have any questions regarding the changes to this application, please contact me at (732) 638-7502.

Sincerely,

A. Bruce O'Connor

Treasurer

Enclosures

cc: Andrew Slater, Delaware Public Advocate (Electronic Delivery)

Robert Howatt (Electronic Delivery) Connie McDowell (Electronic Delivery)



STATE OF DELAWARE THE PUBLIC SERVICE COMMISSION

CANNON BUILDING 861 SILVER LAKE BLVD., SUITE 100 DOVER, DELAWARE 19904

TELEPHONE: (302) 739-4247 TELECOPIER: (302) 739-4849

FILING COVER SHEET

1.	NAME OF APPLICANT:	Tidewater Utilities, Inc.
2.	TYPE OF FILING:	RATE CHANGE X FUEL ADJUSTMENT ADMINISTRATIVE CPCN NEW SERVICE OFFERING OTHER
	IF A TELECOMMUNIC	ATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED:
	BASIC	COMPETITIVE DISCRETIONARY
3.	PROPOSED EFFECTIVE	DATE: <u>July 1, 2017</u>
	IS EXPEDITED TREATM	ENT REQUESTED? Yes NO
4.	SHORT SYNOPSIS OF FIL	LING Distribution System Improvement Charge
5.	DOES THIS FILING RELATIFYES, LIST DOCKETS(S	ATE TO PENDING DOCKETS: YES NOXS) NO(S):
6	538	JIRED: YES NOX
9.		H COPY OF PROPOSED PUBLIC NOTICE.
7.	APPLICANT'S CONTACT	
8.	DID YOU PROVIDE A CO	MPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
	YES _X NO	IF YES, WHEN? By electronic mail (May 19, 2017)
9.	FILING FEE ENCLOSED:	AMOUNT: \$100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF
TIDEWATER UTILITIES, INC. FOR THE
APPROVAL OF THE SEMI-ANNUAL
ADJUSTMENT TO THE DISTRIBUTION
SYSTEM IMPROVEMENT CHARGE ("DSIC")
EFFECTIVE JULY 1, 2017 PURSUANT TO

DEL. C. § 314 (b) (5)

Docket No. 17-

Tidewater Utilities, Inc. ("Tidewater") a public water utility, regulated by the Delaware Public Service Commission ("Commission"), hereby petitions the Commission pursuant to 26 Del. C. § 314 (b) (5), for permission to reset its Distribution System Improvement Charge ("DSIC") effective July 1, 2017, which is no less than thirty (30) days from the date of this Application.

- 1. On November 16, 2016, Tidewater filed an application for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2017. Tidewater's application to reset the DSIC rate to 2.44% received Commission approval on December 20, 2016, by Order No. 9004, PSC Docket No. 16-1067.
- 2. On May 20, 2016, Tidewater filed an application and on June 17, 2016, filed a revised application for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective July 1, 2016. Tidewater's application to reset the DSIC rate to 1.90% received Commission approval on June 28, 2016, by Order No. 8904, PSC Docket No. 16-0656.

- On November 19, 2015, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2016. Tidewater's application to reset the DSIC rate to 1.06% received Commission approval on December 15, 2015, by Order No. 8833, PSC Docket No. 15-1576.
- 4. On May 21, 2015, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective July 1, 2015. Tidewater's application to reset the DSIC rate to 0.37% received Commission approval on June 2, 2015, by Order No. 8747, PSC Docket No. 15-1000.
- 5. On November 14, 2014, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2014. Tidewater's application to reset the DSIC rate to 0.31% received Commission approval on December 16, 2014, by Order No. 8691, PSC Docket No. 15-0525.
- 6. Pursuant to 26 Del. C. § 314 (b) (5) Tidewater hereby requests Commission permission to reset its DSIC rate. The aforementioned section states that the DSIC rate shall be adjusted semi-annually for eligible distribution system improvements placed in service during the six month period ending two months prior to the effective date of changes in the DSIC rate. In this filing, Tidewater has included improvements placed in service for the six month period November 1, 2016 through April 30, 2017.
- 7. Attached are Schedules No. 1, 1A, 1B and No. 2, which supports the development of the DSIC rate.
- 8. Also attached hereto as Schedule No. 3 is a draft Tariff Schedule of Rates, which reflects the proposed reset to the DSIC rate as July 1, 2017, arising in this Petition.

9. The proposed Tidewater customer rate adjustment, reflected by this application, is 2.44% and is expected to result in additional revenues of approximately \$370,080. The requested rate reset is less than a 5% increase in current rates of Tidewater customers and, as such, satisfies the requirements of 26 Del. C. § 314 (b) (7). Customers will be notified of this change with a statement that shall be printed on the first bill following the effective date of this change. The statement will indicate that the DSIC rate is 2.44% effective July 1, 2017.

10. Tidewater is prepared to provide the Commission with all reasonable information requested by the Commission with respect to this filing.

11. The utility contact person responsible for this Application is the signatory shown below.

12. The Division of Public Advocate has been served with a copy of this filing.

WHEREFORE, in light of the foregoing, Tidewater respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314 (b) (5), approving a semi-annual rate adjustment to the Distribution System Improvement Charge.

Respectfully Submitted,

TIDEWATER UTILITIES, INC.

A. Bruce O'Connor

Treasurer

C/O Middlesex Water Company

1500 Ronson Road Iselin, NJ 08830-3020

Telephone: 732-638-7502 Facsimile: 732-218-1126

E-mail: aboconnor@middlesexwater.com

Date: May 19, 2017

TIDEWATER UTILITIES, INC.
P.S.C. DEL. NO. 6
TWENTY-SIXTHFIFTH REVISED PAGE NO. 25
CANCELING
TWENTY-FIFTHOURTH REVISED PAGE NO. 25
MAYNOVEMBER 196, 2016
EFFECTIVE DATE: JULYANUARY 1, 2017

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 2.44% will apply to all charges for bills rendered on or after Julyanuary 1, 2017.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

- a) Ocean View Under contract, the Town of Ocean View is charged \$4.8024 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.
- b) Dover Air Force Base Off Base Housing Under contract, Dover Air Force Base Housing Eagle Meadows/Heights is charged \$12.2609 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.
- c) Southern Shores Under contract, Southern Shores Water Company is charged \$5.6116 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

Schedule 1: Development Of Rate And Supporting Data

	PSC Docket No. 14-0525 07/01/14 to 10/31/14	PSC PSC Docket No. 14-0525 15-1000 07/01/14 to 10/31/14 to 04/30/15	PSC Docket No. 15-1576 05/01/15 to 10/31/15		PSC Docket No. 16-0656 11/01/15 to 04/30/16	Doc 16 05,	PSC Docket No. 16-1067 05/01/16 to 10/31/16	Do. 17.	PSC Docket No. 17-XXXX 11/01/16 to 04/30/17	Current Filing DSIC Total
1 Net Utility Plant Additions (Schedule 2 and Schedule 2A)	\$ 321,189	\$ 353,454	\$ 1,28	1,284,391 \$	1,514,086	€	538,099	S	711,508 \$	\$ 4,722,726
2 Net Accumulated Depreciation Reserve Change (Schedule 2A)	43,432	53,481		(9,521)	146,547		133,445		(6:139)	361,245
3 Net Change in Rate Base (Sum of Lines 1 and 2)	\$ 364,621	\$ 406,935	\$ 1,27	1,274,870 \$	1,660,633	55	671,543	59	\$ 698,307	5,083,971
4 Pre-Tax Rate of Return (Schedule 1A)	13.18%	13.18%	_	13.18%	13.18%		13.18%		13.18%	13.18%
5 Semi-Annual Pre-Tax Rate of Return (Line 4 divided by 2)	6.59%	6.59%		6.59%	6.59%		%65'9		6.59%	6.59%
6 Semi-Annual Investment Cost Recovery (Line 3 multiplied by Line 5)	\$ 24,029	\$ 26,817	s	84,014 \$	109,436	89	44,255	89	46,484 \$	335,035
7 Semi-Annual Depreciation Expense (Schedule 2A)	\$ 2,368	\$ 2,577	89	9,521 \$	18,049	59	810,9	\$	6,139 \$	44,672
8 Semi-Annual DSIC Revenue Requirement (Sum of Lines 6 and 7)	\$ 26,397	\$ 29,394	\$	93,535 \$	127,485	8	50,273	\$	52,623 \$	379,707
8A (Over)/Under Collected DSIC Revenue (PSC Order No. 8565)	10,294									
8B (Over)/Under Collected DSIC Revenue (PSC Order No. 8907)					(3,423)					
8C (Over)/Under Collected DSIC Revenue (Schedule 1B)									(9,628)	(9,628)
9 Total Semi-Annual DSIC Revenue Requirement (Sum of Lines 8, 8A and 8B)	\$ 36,691	ī — TI		8	124,062	1 4		69	42,996 \$	370,080
10 Semi-Annual Projected Water Service Revenues (7/1/17-12/31/17)										15,150,000
11 Projected DSIC Rate Increase Percentage (Line 8 divided by Line 10)										2.44%
12 Maximum limitation in a twelve month period										2.00%
13 Overall limitation										7.50%

Schedule 1A: Capital Structure Approved In Most Recent General/Base Rate Case

Capital Structure Utilized for Rate Setting in Order No. 8611, PSC Docket No. 13-466

Pre-Tax	Cost	4.91%	8.27%	13.18%
Revenue	Multiplier	1.664525	1.664525	
Weighted	Cost	2.95%	4.97%	7.92%
	Cost	6.01%	9.75%	
	%	49.04%	%96.05	100.00%
		Cost of Debt	Common Equity	

Schedule 2: Projects Placed Into Service And/Or Retired

Utility Plant In Service from November 1, 2016 to April 30, 2017

TUI Applied for Retirement Account # DSIC Costs	stall 2015-304 \$ 459,692	2015-305 \$ 224,110	346 \$ 27,706	\$ 711,508 \$	\$ 711,508
Description of Project	Installation of new water man to connect to Sussex East and install hydrants for fire protection	Installation of water main to connect to Whispering Pines and install hydrants for fire protection	Replacement of meters which have reached their useful life.	Total	Net Total
Project Name	 Whispering Pines Fire Protection 	2. Sussex East Fire Protection	3. Meter Replacement		

Schedule 2A: Net Accumulated Depreciation

Utility Plant In Service from November 1, 2016 to April 30, 2017

Net Additions to Plant and Depreciation Expense

Depreciation Depreciation Rate Amount	· ·			A Pos	306	7,259	T.	1.283	L	3,735	\$ 12,277
Depreciation Rate	2.37%	3.12%	3.17%	2.89%	1.61%	1.43%	2.12%	4.63%	3.49%	2.12%	
Amount	Ĭ	Ī	ī	ĭ	ï	507,608	Ĭ	27,706	347	176,194	711,508 (1
NARUC A/C#	314 \$	321	325	332	342	343	345	346	347	348	
	Wells & Springs	Pumping Structures & Improvements	Electric Pumping Equipment	Water Treatment Equipment	Storage Facilities	Mains	Services	Meters	Meter Installations	Hydrants	Total

^{(1) -} Net of associated retirements. See Schedule 2.

Semi-Annual Depreciation Expense

Accumulated Depreciation Reserve Change

Semi-Annual Depreciation Expense (above)	Retirements (See Schedule 2)	Total

(6,139)	L	(6,139)
≶		8

Tidewater Utilities, Inc.

Utility Plant In Service Account Allocation - Projection Only
Net of Retirements
November 1, 2016 through April 30, 2017

											711,508	
	Total	1	É	ī	Ę	i	507,608	ï	27,706	176,194	711,508 \$	
		S	8	S	S	S	S	↔	S	8	8	
Meter Replacements	& Radio Units (1)								27,706		\$ 27,706 \$	
Me	8								S		\$	
Sussex East	Fire Protection						165,934			58,175	224,110	
Su	Fire						S			S	S	
hispering Pines	Fire Protection						341,673			118,019	459,692 \$	
Whis	Fire						S			8	S	
UPIS	Account	314	321	325	332	342	343	345	346	348	Total	

(1) Only includes National Metering installation costs.